

# **The 2024-25 May Revise: *Family & Child Well-Being At Stake***

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California Budget  
& Policy Center

**Budgets are  
statements  
of our values and  
priorities.**



# Budget choices affect all Californians.



Budget choices answer the question:  
**What kind of California do we want to live in?**



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# Today we will:

- Highlight key facts about the budget and overall budget process.
- Share the updated 2024-25 fiscal outlook.
- Highlight key proposals from the governor's 2024-25 May Revision.





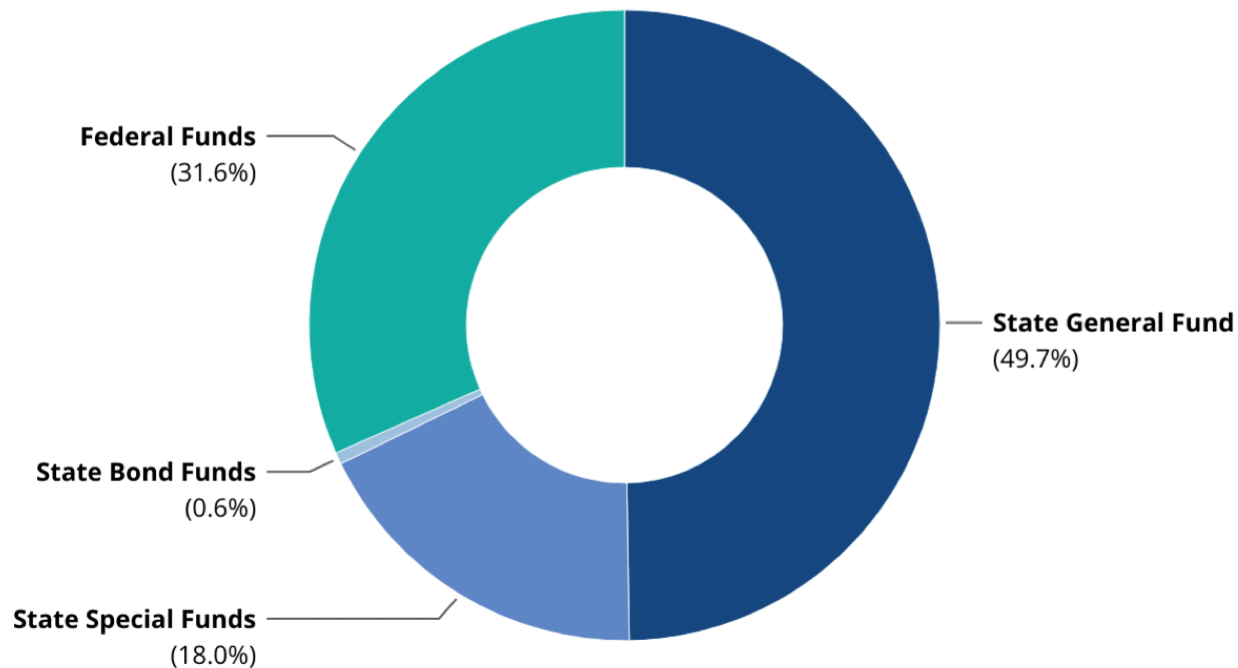
## **Key Facts About the State Budget**

**The state budget =  
state funds + federal funds**



# State Funds Account for More Than Two-Thirds of California's State Budget in 2023-24

Total Enacted 2023-24 Expenditures = \$454.7 Billion



Note: Percentages do not sum to 100% due to rounding.

Source: Department of Finance

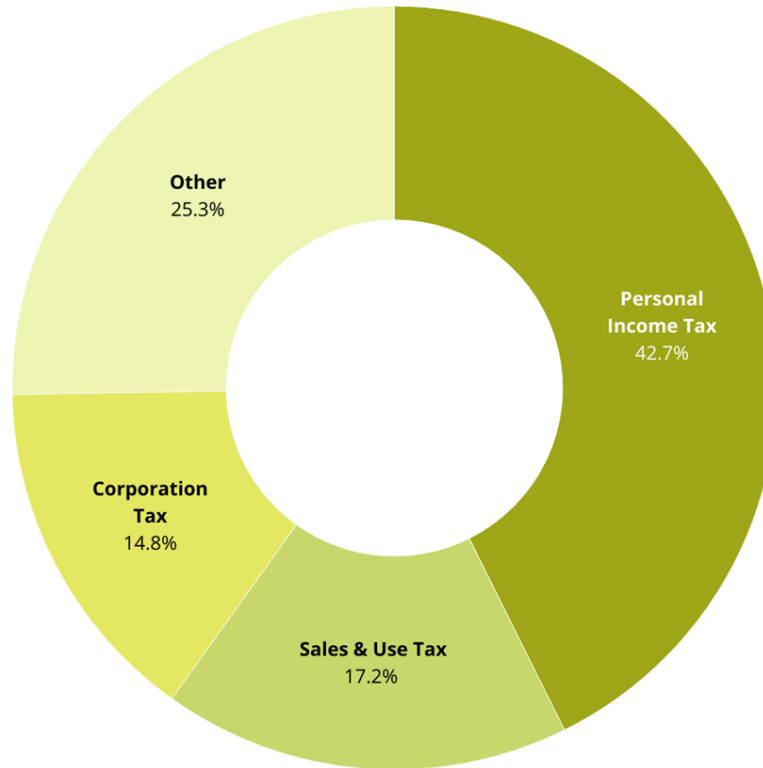


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# Most State Revenue Comes From the Personal Income Tax, the Sales & Use Tax, and the Corporation Tax

Estimated General Fund and Special Fund Revenue in the Enacted 2023-24 State Budget = \$283.4 Billion



Note: "Other" reflects transfers and loans as well as a broad range of additional revenue sources, including taxes, fees, and fines.

Source: Department of Finance

The state budget provides funding to **communities** across the state.



**The key players in the state budget process are...**

## The Governor



**Gavin Newsom**

California Governor

## The Legislature



**Mike McGuire**

Senate President pro Tempore

## The Public



**Robert Rivas**

Assembly Speaker



The governor has the **lead role** in crafting the budget.



**Governor's  
Proposed Budget:  
By January 10**



**Governor's  
May Revision:  
By May 14**



**Enacted State  
Budget:  
By Late June**



The Department of Finance welcomes you to the

# California Budget 2023-24

Gavin Newsom Governor  
State of California

Select Budget Year

Governor's Proposed Budget ( January ) The Budget proposed by the Governor	May Revision ( May ) Changes to the Governor's Proposed Budget based upon the latest economic forecasts	Enacted Budget ( Summer ) The Budget passed by the Legislature and signed by the Governor
<a href="#">Summary »</a> <a href="#">Detail »</a>	<a href="#">Summary »</a> <a href="#">Detail »</a>	<a href="#">Summary »</a> <a href="#">Detail »</a>





**Members of the public have many ways to **make their voices heard** in the budget process.**



# Key Ways to Make Your Voice Heard in the State Budget Process

- **Submit written testimony**
  - Details on the Assembly and Senate budget committee websites ([abgt.assembly.ca.gov](http://abgt.assembly.ca.gov) & [sbud.senate.ca.gov](http://sbud.senate.ca.gov))
- **Attend a budget subcommittee hearing and testify in person**
  - Details included in the hearing agendas and the Daily File on the Assembly and Senate websites.

# The 2024-25 State Budget At May Revise



# The 2024-25 Fiscal Outlook

## Budget Problem at the May Revision

Governor's Budget	\$37.9 billion
Shortfall Since Governor's Budget	\$7.0 billion
Early Action Budget Package	-\$17.3 billion
<b>Remaining Budget Problem</b>	<b>\$27.6 billion</b>

Projected deficit in January  
2024 Proposal

Revenue shortfall  
February 2024 - April  
2024

Budget solutions  
passed in April

Updated deficit in May  
Revision

# Deficit is due to declining revenues from 2022 tax filings



## Big Three Revenue Forecast Comparison 2022 Budget Act vs. 2024 May Revision (Dollars in Billions)

Fiscal Year	2022-23	2023-24	2024-25	2025-26
2022 Budget Act	\$210.0	\$220.9	\$230.6	\$232.2
2024 May Revision	\$170.1	\$177.7	\$187.0	\$193.8
Difference	-\$39.9	-\$43.2	-\$43.6	-\$38.4



# The Governor's proposed solutions

## Additional May Revision 2024-25 Solutions and Adjustments

### Budget maneuvers:

- Automatic triggers
- Reserves
- Internal borrowing

### Proposed cuts, delays and deferrals:

- Increased since the January proposed budget

Category	Amount
Reserves*	- \$8.9 billion
Reductions	\$10.7 billion
Revenue/Borrowing	\$2.0 billion
Delays	\$520 million
Fund Shifts	\$3.9 billion
<b>Total</b>	<b>\$8.2 billion</b>

\*Reflects the spreading of the proposed BSA withdrawal in the Governor's Budget of \$12.2 billion over two fiscal years: \$3.3 billion in 2024-25 and \$8.9 billion in 2025-26.

# **Early Learning and Care**

# Pauses planned child care slot expansion at 119,000 new spaces

- In 2021-22, the governor committed to adding approximately 200,000 new child care slots by 2026-27.
- As of 2023-24, approximately 146,000 new slots were funded.
- Expansion was paused in 2023-24, and the state is still in the process of rolling out all intended new slots. Specifically, only about 119,000 new slots have been added.
- The revised 2024-25 budget paused slot expansion at this 119,000 “until fiscal conditions allow for resuming the expansion.”



# Maintains temporary subsidy rate increases

- The revised budget includes nearly \$1.4 billion in one-time funds for temporary rate increases for providers reimbursed through the California Department of Social Services (CDSS).
- This one-time funding is set to expire July 1, 2025, which is also the federal deadline determining the new rate structure, per the alternative methodology currently being developed.
- The lack of a detailed plan (i.e., confirming a timeline for when state agencies produce cost estimates) makes the state more vulnerable to missing the federal deadline.

# Cuts funding for foster youth child care programs and support services

- The Emergency Child Care Bridge Program for Foster Children (Bridge Program) is administered through CDSS. The Bridge Program provides time limited vouchers for child care and child care navigator services for foster care system families and parenting foster youth.
- The revised budget reduces funding for the Bridge Program
- The revised budget maintains proposed cuts to the Family Urgent Response System (FURS) by \$30.1 million.

# Cuts planned funding for early learning facilities despite continuing TK expansion

- The year three 2024-25 expansion will extend eligibility to children who turn 5 from April 2 to June 2. The revised budget includes \$550 million from the General Fund for this year three expansion.
- The revised budget maintains projected CSPP enrollment.
- The May Revision cuts planned investments in facilities for TK, full-day kindergarten, and the California State Preschool Program, which are critical for supporting TK expansion. The administration suggests that early learning facilities funding may be added to a potential education facilities bond.

# **Additional Family & Child Well-Being Issues**

# Key cuts to behavioral health & housing

- No funding to implement continuous coverage for children from birth to age five.
- Reduces funding for Children and Youth Behavioral Health Initiative (CYBHI).
- Cuts funding for the Behavioral Health Bridge Housing Program.
- Eliminates and cuts key affordable housing programs.
- Delays or shifts funding for various homelessness programs that serve diverse populations.

# May Revision includes cuts/delays to CalWORKs & safety net

- Ongoing cuts to the home visiting program.
- An ongoing reduction for Mental Health and Substance Abuse Services, effectively eliminating this service.
- No funding to redirect collected child support payments from the state back to former CalWORKs parents.
- Eliminates funding for the CalFresh Minimum Nutrition Benefit Pilot Program.

# Key Messages

- State leaders have the tools address the shortfall in a way that does not cut/delay critical programs/services.
- Tools include:
  - Progressive revenue options
  - Increased use of reserves

## STATEMENT ON GOVERNOR NEWSOM'S REVISED 2024-25 STATE BUDGET PROPOSAL

“ Do not be deceived, the Administration’s revised budget proposal went even deeper into catastrophic cuts to core human services programs. On top of the original proposed cuts and delays, the Administration is proposing more. These are not just administrative costs; they are the core programs the Governor specifically said are not being cut.

These draconian cuts have real life and death consequences and will push our most vulnerable children, families, and aging Californians into homelessness and starvation. As legislators, we hold the power to save the most vulnerable among us, and I welcome my colleagues to come to Budget Sub. 3 hearings over the next three weeks to hear directly from the families who are struggling in their districts. I plan to fight back with everything I have. We must protect core services and keep intact the progress we’ve made for the survival of California’s families. ”



**CAROLINE MENJIVAR**

CALIFORNIA STATE SENATOR • 20<sup>TH</sup> DISTRICT



# Key Messages

- Fighting the Taxpayer Deception Act is the #1 priority
- Without this win, it would be nearly impossible to:
  - Close corporate tax loopholes
  - Make our tax system more fair
  - Raise the revenues communities need



"The Taxpayer Deception Act will force deep cuts to fire services, parks, libraries, and all local services. We must reject this measure in November."

**- CALIFORNIA PROFESSIONAL  
FIREFIGHTERS**

# What happens next?

- Legislative budget by June 15.
- Governor signs (or vetoes) in time for start of the July 1 fiscal year.
- Mid-year revisions and “trigger cuts.”



# Visit our website at [calbudgetcenter.org](https://calbudgetcenter.org)

The screenshot shows the homepage of the California Budget & Policy Center. At the top left is the organization's logo, a stylized 'C' with a dollar sign. To its right is the text 'California Budget & Policy Center'. A search icon and a navigation menu are located to the right of the logo. The navigation menu includes 'Understand The Issues', 'Resources', 'News', 'Events', 'About', and a red 'Donate' button. Below the navigation is a horizontal menu with eight categories: 'California Budget', 'Child Care & Preschool', 'Poverty & Inequality', 'Education', 'Health & Safety Net', 'Housing & Homelessness', 'Justice System', and 'Taxes & Revenue'. The main content area has a dark blue background. On the left, there is a document icon with a dollar sign and the heading 'California Budget'. Below this is a paragraph: 'Thriving families. Strong communities. A vibrant state. The California budget is the pathway to building a just and equitable state. By ensuring Californians have access to engage in meaningful conversations and strategic decisions, our budget and policies can better reflect Californians' values and aspirations.' To the right of the text is a photograph of the California State Capitol building. Below this section is a yellow banner with the heading 'Where to get started'. Underneath the banner are two report cards. The first card, titled 'First Look: Understanding the Governor's 2024-25 State Budget Proposal', features a collage of images including a man in a suit, two women smiling, and a large yellow heart. The second card, titled 'Guide to the California State Budget Process', features a photograph of the California State Capitol building.

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California Budget Child Care & Preschool Poverty & Inequality Education Health & Safety Net Housing & Homelessness Justice System Taxes & Revenue

## California Budget

Thriving families. Strong communities. A vibrant state. The California budget is the pathway to building a just and equitable state. By ensuring Californians have access to engage in meaningful conversations and strategic decisions, our budget and policies can better reflect Californians' values and aspirations.

## Where to get started

**REPORT**

**First Look: Understanding the Governor's 2024-25 State Budget Proposal**

January 11, 2024

**REPORT**

**Guide to the California State Budget Process**

December 5, 2023

# Thank you!

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